

MULTIPLE SCLEROSIS FOUNDATION, INC.

FINANCIAL STATEMENTS

Year Ended December 31, 2019



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Multiple Sclerosis Foundation, Inc.

We have audited the accompanying financial statements of Multiple Sclerosis Foundation, Inc. (the Organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Multiple Sclerosis Foundation, Inc. as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Principle

As discussed in Note 1 to the financial statements, the Organization changed its method of accounting for revenue from contracts with customers effective January 1, 2019, under the modified retrospective approach. Our opinion is not modified with respect to that matter.

Mayer Hoffman McCann P.C.

Boca Raton, Florida
April 23, 2020

MULTIPLE SCLEROSIS FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2019

ASSETS

Cash and cash equivalents	\$ 3,770,924
Unconditional promises to give and other receivables	1,277,554
Investments	3,214,880
Beneficial interest in perpetual trusts	835,131
Prepaid expenses	65,551
Property and equipment, net	51,803
Other assets	<u>15,000</u>
 TOTAL ASSETS	 <u>\$ 9,230,843</u>

LIABILITIES AND NET ASSETS

LIABILITIES	
Accounts payable and accrued expenses	\$ 216,520
Deferred rent expense	<u>56,270</u>
 TOTAL LIABILITIES	 <u>272,790</u>
 NET ASSETS	
Without donor restrictions	7,950,922
With donor restrictions	<u>1,007,131</u>
 TOTAL NET ASSETS	 <u>8,958,053</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 9,230,843</u>

See Notes to Financial Statements

MULTIPLE SCLEROSIS FOUNDATION, INC.

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Contributions	\$ 8,145,645	\$ 172,000	\$ 8,317,645
Other revenue	276,079	-	276,079
Net investment return	341,531	116,412	457,943
Net assets released from restrictions	45,000	(45,000)	-
TOTAL SUPPORT AND REVENUES	8,808,255	243,412	9,051,667
EXPENSES			
Program services	4,547,844	-	4,547,844
Fund-raising	1,958,295	-	1,958,295
Management and general	848,248	-	848,248
TOTAL EXPENSES	7,354,387	-	7,354,387
CHANGE IN NET ASSETS	1,453,868	243,412	1,697,280
NET ASSETS, January 1, 2019	6,497,054	763,719	7,260,773
NET ASSETS, December 31, 2019	\$ 7,950,922	\$ 1,007,131	\$ 8,958,053

See Notes to Financial Statements

MULTIPLE SCLEROSIS FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2019

	Program Services	Support Services		Total
		Fund-raising	Management and General	
Salaries and related costs	\$ 1,919,120	\$ 1,397,319	\$ 327,446	\$ 3,643,885
Grants and donations	1,191,577	-	-	1,191,577
Printing and postage	446,615	119,097	29,775	595,487
Awareness and education	343,083	-	-	343,083
Professional services	183,873	99,008	-	282,881
Executive's salary and related costs	77,657	33,282	110,939	221,878
Rent	97,340	97,340	97,340	292,020
Utilities	28,225	106,231	41,553	176,009
Professional fees	159,662	14,218	67,609	241,489
Miscellaneous	18,029	16,514	48,266	82,809
Advertising	873	2,449	141	3,463
Supplies	3,613	4,831	47,417	55,861
Equipment and furniture	23,736	18,880	7,603	50,219
Building repairs and maintenance	13,512	13,512	13,512	40,536
Depreciation	22,324	22,324	22,324	66,972
Bank charges	-	-	24,270	24,270
Insurance	18,546	13,290	4,072	35,908
Federal and state fees	-	-	5,171	5,171
Transportation	59	-	810	869
TOTAL EXPENSES	\$ 4,547,844	\$ 1,958,295	\$ 848,248	\$ 7,354,387

See Notes to Financial Statements

MULTIPLE SCLEROSIS FOUNDATION, INC.

STATEMENT OF CASH FLOWS

Year Ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 1,697,280
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Depreciation	66,972
Realized and unrealized (gains) on investments	(402,304)
Change in operating assets and liabilities:	
Unconditional promises to give and other receivables	(750,557)
Prepaid expenses	(14,113)
Accounts payable and accrued expenses	52,307
Deferred rent expense	(14,757)
	<hr/>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>634,828</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	(4,351)
Purchase of investments	(2,572,133)
Proceeds from sales of investments	<u>2,715,516</u>
	<hr/>
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>139,032</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	773,860
CASH AND CASH EQUIVALENTS, January 1	<u>2,997,064</u>
CASH AND CASH EQUIVALENTS, December 31	<u><u>\$ 3,770,924</u></u>

See Notes to Financial Statements

MULTIPLE SCLEROSIS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

(1) Summary of significant accounting policies

Nature of operations - The Multiple Sclerosis Foundation, Inc. ("MS Focus" or "Organization") is a national nonprofit organization headquartered in Fort Lauderdale, Florida which benefits all individuals whose lives are touched by this chronic neurological disorder. Since 1986, MS Focus' mission has been to provide programs and support services to those persons affected by Multiple Sclerosis ("MS") that help them maintain their health, safety, self-sufficiency, and personal well-being and to heighten public awareness of MS in order to elicit financial support for MS Focus' programs and services and promote understanding for those diagnosed with the illness. MS Focus' programs are supported nationally, primarily by contributions from individuals and corporations.

Financial statement presentation - The accompanying financial statements have been prepared on the accrual basis and in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") which require that the Organization reports information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets available for general use and not subject to donor restrictions.

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by the passage of time or the events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Income tax status - MS Focus is currently exempt from income taxes under the provisions of Internal Revenue Code Section 501(c)(3).

MS Focus believes it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. Interest accrued related to material unrecognized tax benefits is recognized in interest expense and penalties in operating expenses.

MS Focus files tax returns in the U.S. federal jurisdiction, and various state jurisdictions. MS Focus is no longer subject to U.S. federal, state and local tax examinations by tax authorities for years before 2016.

Use of estimates - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

MULTIPLE SCLEROSIS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

(1) Summary of significant accounting policies (continued)

Cash and cash equivalents - MS Focus considers all highly liquid investments, except for those held for long-term investment, with maturities of three months or less when purchased to be cash equivalents. Cash equivalents totaled approximately \$291,000 at December 31, 2019.

Property and equipment - Property and equipment are recorded at cost if purchased and at their estimated fair value if donated. Property and equipment donations are reported as support without donor restrictions unless the donor has restricted the use of the asset for a specific purpose. Contributions of cash, other assets and unconditional promises to give that are restricted for the purpose of acquiring property and equipment are reported as support with donor restrictions. When there are no explicit donor stipulations about how long those long-lived assets must be maintained, MS Focus reports expirations of donor restrictions when the acquired long-lived assets are placed in service. These expirations of donor restrictions are reported as reclassifications to net assets without donor restrictions. MS Focus' policy is to capitalize all assets with a cost greater than \$2,500.

Depreciation - Depreciation is computed using accelerated methods over the following estimated useful lives:

<u>Assets</u>	<u>Useful Lives</u>
Leasehold improvements	Shorter of lease term or 39 years
Furniture and equipment	7 years
Signs	7 years
Computer hardware	5 years
Software	3 years

Fair value measurements - Assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

- Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that MS Focus has the ability to access.
- Level 2 - Valuations based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - Valuations derived from inputs that are unobservable.

MULTIPLE SCLEROSIS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

(1) Summary of significant accounting policies (continued)

Fair value measurements (continued)

There are three general valuation techniques that may be used to measure fair value:

- Market approach - Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sales transactions, market trades or other sources.
- Cost approach - Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost).
- Income approach - Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

The availability of observable inputs can vary and is affected by a wide variety of factors. To the extent that valuation is based on inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized as Level 3.

Investments - Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2019.

Common stocks and exchange traded funds: Valued at the closing price reported on the active market on which the individual securities are traded.

Corporate bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Donated securities: Valued at the closing price reported on the active market on which the individual securities are traded on the date of the gift. Donated securities are generally immediately sold.

Real estate: Valued at the fair value as of the dates the real estate is donated. Thereafter, such real estate investments are carried at current appraised values.

Beneficial interest in perpetual trusts: Valued at the fair value of the underlying investments in the trusts, which consist primarily of marketable debt and equity securities traded in active markets. Classified as Level 3 resulting from the perpetual nature of the trusts.

MULTIPLE SCLEROSIS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

(1) Summary of significant accounting policies (continued)

Investments (continued)

Net investment return is reported in the accompanying statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external direct investment expenses.

Contributions and promises to give - Contributions of cash, other assets, and unconditional promises to give are recognized when received from the donor. Classification of these contributions as without donor restrictions or with donor restrictions is based upon any donor imposed stipulations that limit the use of the donated assets. When a donor imposed restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Restricted contributions whose donor imposed stipulations are met in the same reporting period as the contribution is received are classified as without donor restrictions.

Unconditional promises to give are recognized at their fair value based on the present value of estimated future cash flows using a discount rate commensurate with the risks involved.

Conditional promises to give are recognized as support when the donor imposed conditions have been met. Conditional promises to give depend on the occurrence of a specified and uncertain event.

Cash received with donor imposed restrictions limiting its use to long-term purposes is not considered cash for purposes of the statement of cash flows.

MS Focus uses the allowance method to estimate uncollectible unconditional promises to give. The allowance is based on prior experience and management's analysis of specific promises made.

Contributed services - Contributed services are recognized if the services received create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. MS Focus regularly utilizes the services of volunteers to support its programs and administrative functions. Volunteer services are not recognized in MS Focus' financial statements.

Other revenue and new accounting principle - MS Focus provides certain services to unrelated organizations which promote awareness of MS and provide education services to individuals touched by the disease.

MULTIPLE SCLEROSIS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

(1) Summary of significant accounting policies (continued)

Other revenue and new accounting principle (continued)

In May 2014, the Financial Accounting Standards Board (“FASB”) issued new authoritative guidance related to revenue recognition. This new revenue recognition guidance, as outlined in Accounting Standards Codification (“ASC”) Topic 606 *Revenue from Contracts with Customers* (“Topic 606”), provides a unified model to determine when and how revenue with customers is recognized. The core principle is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services. This guidance allows for either full retrospective adoption or modified retrospective adoption.

ASC Topic 606 provides that an entity should apply a five-step approach for recognizing revenue, including (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when, or as, the entity satisfies a performance obligation.

MS Focus adopted ASC Topic 606 effective January 1, 2019, therefore, financial results for the year ended December 31, 2019 are presented under this new accounting standard. MS Focus completed a study of the impact that implementing ASC Topic 606 had on its financial statements as well as whether the effect would be material to the Organization’s recorded revenue. Based on the results of this study, ASC Topic 606 did not have a material effect on the Organization’s revenue.

Revenue in relation to services to unrelated organizations is recognized when the performance obligation is satisfied upon the services being rendered. Revenue for these services totaled approximately \$276,000 for the year ended December 31, 2019. Accounts receivable related to these services totaled approximately \$33,000 as of December 31, 2019.

Other receivables - Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. MS Focus provides for losses on accounts receivable using the allowance method. The allowance is based on experience and other circumstances which may affect the ability of unrelated organizations to meet their obligations. It is MS Focus’ policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. The Organization does not recognize interest income on past due accounts. No allowance for doubtful accounts was recognized as of December 31, 2019.

Advertising - MS Focus uses advertising to promote its programs and services. Advertising costs are expensed as incurred. Advertising expenses for the year ended December 31, 2019 totaled approximately \$3,500.

MULTIPLE SCLEROSIS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

(1) Summary of significant accounting policies (continued)

Joint cost allocation - During 2019, MS Focus incurred joint costs of approximately \$2,022,000, for informational materials and activities that included fund-raising appeals. MS Focus allocated approximately \$1,412,000 of these costs to fund-raising, and approximately \$610,000 of these costs to program services.

Expense allocations - The costs of providing the various programs and activities and supporting services have been summarized on a functional basis in the statement of activities and change in net assets. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are salaries and related costs, which are allocated on the basis of estimates of time and effort; rent, building repairs and maintenance, utilities and depreciation, which are allocated on a square footage basis; and printing and postage are based on usage estimates.

(2) Liquidity

The Organization regularly monitors liquidity to meet its operating needs and other contractual commitments. The Organization has various sources of liquidity at its disposal including cash and cash equivalents, unconditional promises to give and other receivables, and investments. For purpose of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures relating to its ongoing activities of the various programs offered by MS Focus as well as the conduct of services undertaken to support those activities to be general expenditures. In addition to the financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the accompanying statement of cash flows which identifies the sources and uses of the MS Focus cash and shows positive cash flow for the year ended December 31, 2019.

As of December 31, 2019, the following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

Cash and cash equivalents	\$ 3,770,924
Unconditional promises to give and other receivables	1,277,554
Investments	3,214,880
Anticipated distributions from beneficial interest in perpetual trusts	<u>27,000</u>
	<u>\$ 8,290,358</u>

MULTIPLE SCLEROSIS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

(3) Unconditional promises to give and other receivables

Unconditional promises to give and other receivables consist primarily of amounts due from bequests, pledges and automobile donation programs. Management believes all receivables to be fully collectible and, accordingly, no allowance for doubtful accounts has been provided. All unconditional promises to give and other receivables are expected to be realized in one year or less.

(4) Bequests

MS Focus has received indications of gifts in the form of bequests, which are revocable during the donors' lifetime, as well as bequests from deceased donors. Due to the uncertain nature of these intentions from active donors, MS Focus has not recognized an asset or contribution revenue for these gifts. For several bequests from deceased donors, information is not reasonably available to estimate the amount to be received from the estates. The estimated total intentions to give aggregated approximately \$80,000 at December 31, 2019. In 2019, upon donor's death, the Organization, as a named beneficiary, recognized a \$1,000,000 bequest, net of estimated fee and taxes, as a contribution. The \$1,000,000 contribution is included in unconditional promises to give and other receivables on the accompanying statement of financial position.

(5) Investments and fair value measurements

Fair values of assets measured on a recurring basis at December 31, 2019 are as follows:

<u>December 31, 2019:</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using:</u>		
			<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Common stock	\$ 623,365	\$ 733,953	\$ 733,953	\$ -	\$ -
Fixed income index funds	2,442,834	2,476,122	2,476,122	-	-
Donated land and property	11,892	4,805	-	4,805	-
	<u>\$ 3,078,091</u>	3,214,880	3,210,075	4,805	-
Beneficial interest in perpetual trusts		835,131	-	-	835,131
		<u>\$ 4,050,011</u>	<u>\$ 3,210,075</u>	<u>\$ 4,805</u>	<u>\$ 835,131</u>

MULTIPLE SCLEROSIS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

(5) **Investments and fair value measurements (continued)**

The following table sets forth a summary of changes in the fair value of the Plan's Level 3 assets:

	Year ended December 31, 2019
Balance, beginning of year	\$ 718,719
Change in estimated fair value	116,412
Balance, end of year	<u>\$ 835,131</u>

(6) **Property and equipment**

As of December 31, 2019, property and equipment consisted of the following:

Software	\$ 634,784
Computer hardware	193,617
Leasehold improvements	106,836
Equipment	48,574
Furniture	25,715
Signs	<u>2,515</u>
Total cost	1,012,041
Accumulated depreciation	<u>960,238</u>
	<u>\$ 51,803</u>

Depreciation expense was approximately \$67,000 for the year ended December 31, 2019.

(7) **Concentration**

MS Focus maintains cash and investments in accounts with financial institutions that, at times, may exceed the Federal Deposit Insurance Corporation limit of \$250,000 and Securities Investor Protection Corporation limit of \$500,000. The Organization has not experienced losses related to its cash and investments in excess of the insured limits. As of December 31, 2019, MS Focus' uninsured cash and investments balances totaled approximately \$3,617,000 and \$2,715,000, respectively.

MULTIPLE SCLEROSIS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

(8) Commitments and contingencies

On April 22, 2010, MS Focus entered into a non-cancelable operating lease agreement for office facilities in Fort Lauderdale, Florida to provide additional space and to replace the existing leases. The lease commenced in September 2010, expires December 31, 2022, and provides for two five year renewal options at increased monthly rents. Under the terms of the lease, MS Focus received a four month abatement of base rents which increase beginning January 2014 through the end of the lease term. Rent expense includes base rent, which is recognized monthly on the straight-line basis over the initial term of the new lease, plus maintenance, taxes and other allocable costs. Deferred rent expense approximated \$56,000 for the year ended December 31, 2019.

MS Focus also leases office equipment under various non-cancelable operating leases that expire on various dates through June 2024.

Future minimum rentals, considering rental abatement periods, under leases with remaining non-cancelable terms in excess of one year, including the lease executed in 2019, are approximately as follows:

<u>Years Ending December 31,</u>	<u>Minimum Reportable Rental Expense</u>	<u>Required Rental Payments</u>
2020	\$ 238,600	\$ 253,400
2021	237,400	258,200
2022	216,400	236,900
2023	10,300	10,300
2024	4,600	4,600
	<u>\$ 707,300</u>	<u>\$ 763,400</u>

Rental expense under operating leases was approximately \$338,000 for the year ended December 31, 2019, and is included in equipment and furniture expense and rent expense in the accompanying statement of functional expenses.

From time to time MS Focus is involved in litigation in the normal course of operations. Management believes resolution of any ongoing matters would not have a material impact on the financial statements.

MS Focus invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the carrying amount in the statement of financial position.

MULTIPLE SCLEROSIS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

(9) **Net assets with donor restrictions**

Net assets with donor restrictions as of December 31, 2019 are available for the following purposes:

	<u>2019</u>
Perpetual interest in trusts, for which investment earnings are unrestricted	\$ 835,131
Awareness and education	<u>172,000</u>
	<u>\$ 1,007,131</u>

Net assets with donor restrictions totaling \$45,000 were released from restrictions for awareness and education during the year ended December 31, 2019.

(10) **Risk, uncertainties, and subsequent event**

On March 11, 2020 the World Health Organization declared the outbreak of the coronavirus (“COVID-19”) a pandemic. As a result of the spread of the COVID-19 and actions taken to mitigate it, uncertainties have arisen that could have an adverse impact on the activities carried out by the Organization. It is unknown how long these conditions will last and what the complete financial effect will be to the Organization. It is possible that the Organization is vulnerable to the risk of a near-term severe impact and may experience a certain degree of business interruption as well as disruption to carrying out its mission. The extent to which the COVID-19 coronavirus outbreak impacts the Organization’s operations will depend on future developments, which are highly uncertain and unpredictable at this time. The primary risks to the Organization relate to the governmental mandate for limited movement of the Organization’s employees in the geographic region of the Organization’s office, thereby limiting the availability of employees to carry out their fundraising activities as well as gatherings of groups of employees and volunteers typically carried out in volunteer and support groups around the country. At the current time, the Organization is unable to quantify the potential effects of this pandemic on its future financial statements, however, such impact may be significant, impacting assumptions used to develop estimates as of December 31, 2019.

(11) **Subsequent events**

As part of the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) enacted on March 27, 2020, the Organization obtained a Paycheck Protection Program Promissory Note with a financial institution in the amount of \$707,822, maturing in March 2022, accruing interest at 1% per annum. The principal and interest associated with this loan may be partially forgiven or forgiven in its entirety based on the Organization using the proceeds in accordance with criteria outlined in the CARES Act. The Organization estimates that a significant portion of this loan will be forgiven by the Small Business Administration.

MULTIPLE SCLEROSIS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

(11) Subsequent events (continued)

MS Focus has evaluated subsequent events through April 23, 2020, which is the date the financial statements were available to be issued. Except as noted in Note 10 and above, management is not aware of any events that have occurred subsequent to the statement of financial position date that would require adjustment to, or disclosure in, the financial statements.